

Climate Change at the Federal Level

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Overview

- Major Provisions of key climate change legislative proposals
- Impact on State and Regional Systems
- Prognostication – federal level
- Plan B – EPA Regulation
- Prognostication – International
(Copenhagen and beyond)

Federal Legislation

- Current Templates:

- ACES – Waxman-Markey (House)
- Boxer-Kerry (Senate)

- Formula to Reduce – Cap and Trade

- Legislation addresses:

- Cap and how allocated
- Safety valve/Price Control within trading system
- Direct Energy and Efficiency Regulation
- “Adaptation” provisions and funding
- Relationship with International Questions

Federal Legislation

- Cap:
 - ▣ ACES – 17% from 2005 by 2020
 - ▣ Boxer-Kerry – 20% from 2005 by 2020
 - ▣ Both 83% reduction by 2050
 - ▣ Important in International Negotiations

CAP from 2012-2050

2012	4,627	2031	3,408
2013	4,544	2032	3,283
2014	5,099 *INC COVERAGE	2033	3,158
2015	5,003	2034	3,033
2016	5,482*INC COVERAGE	2035	2,908
2017	5,375	2036	2,784
2018	5,269	2037	2,659
2019	5,162	2038	2,534
2020	5,056	2039	2,409
2021	4,903	2040	2,284
2022	4,751	2041	2,159
2023	4,599	2042	2,034
2024	4,446	2043	1,910
2025	4,294	2044	1,785
2026	4,142	2045	1,660
2027	3,990	2046	1,535
2028	3,837	2047	1,410
2029	3,685	2048	1,285
2030	3,533	2049	1,160
		2050 and each year thereafter	1,035

ACES – how allocated

- 15 % auctioned per year
- Initially, other percentage given away
- Approx. 59% to industry; 25% for needs/interest of public- adaptation, enviro, etc...

ACES - Allocation

35% for electric utility sector;

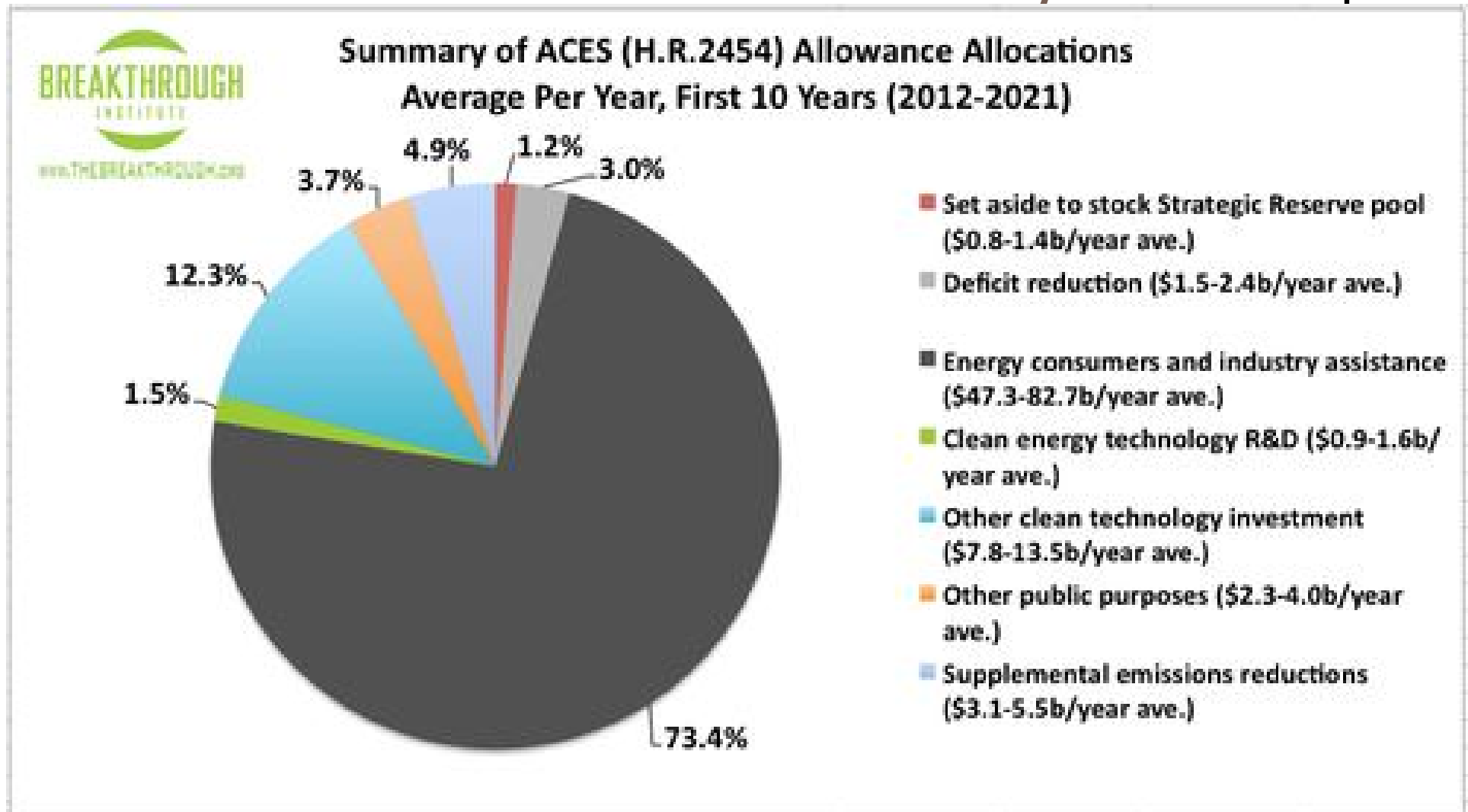
- ▣ Last version gives percentage to rural electric cooperatives; fight over allocation
- ▣ 15% for carbon-intensive industries, such as steel and cement, in 2014 (reduced by 2% every year)
- ▣ 9% for local natural gas distribution companies, in 2016 (reduced to zero between 2026 and 2030)
- ▣ 3% for automakers toward advanced technologies through 2017 (reduced to 1% from 2018 and 2025)
- ▣ 2% for oil refineries from 2014 to 2026
- ▣ 2% for carbon capture and storage technology from 2014 to 2017 (increases to 5% after 2018)

ACES - Allocation

To states and other funds:

- ❑ 10% for states for renewable energy and efficiency investment from 2012 to 2015 (reduced to 5% between 2016 to 2022)
- ❑ 5% for tropical deforestation prevention projects
- ❑ 2% for domestic adaptation to climate change between 2012 and 2021 (increases to 4% between 2022 to 2026, to 8% in 2027)
- ❑ 2% for international adaptation and clean technology transfer from 2012 to 2021 (increases to 4% between 2022 to 2026, to 8% in 2027)
- ❑ 1.5% for programs helping home heating oil and propane users (reduced to zero between 2026 and 2030)
- ❑ 1% for Clean Energy Innovation Centers for R&D funding
- ❑ 0.5% for job training from 2012 to 2021 (increases to 1% after 2022)

ACES breakdown – Boxer-Kerry similar !



ACES – Allocation – Economic Impact

- Under Current distribution formula – Southern States in middle on electric power cost impact
- Gasoline Cost – national market
 - 8-12 cents a gallon – pass through
- Harder for Electricity Suppliers than Petroleum
 - \$8-30 per month – electric (reduction in Pacific Northwest)

Renewable Electricity Standards

- Percentage

- ▣ 6-20% in ACES to 2020
- ▣ Boxer Kerry similar but could change

- Qualifies

- ▣ ACES - Wind, solar, geothermal, certain biogas and biofuels, “qualified” hydropower, marine and hydrokinetic energy – gubernatorial waiver provision for increasing energy efficiency

- Pre-emption

- ▣ ACES – floor pre-emption

National Cap and Trade System– Pre-emption of State Programs

- First Five years
- Boxer- Kerry – (9 month delay)
- Pre-emption of RGGI as well
- Some play and compromise

Additional Big Issues

- Offsets
- Revenue
- Targets revisited

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Prognostication

- 2010
- Driven by EPA regulation
- Close on targets
- Funding for states in pre-emption
- Offsets – maybe international agreement?

EPA Regulation

- Original final endangerment finding-March 2010
 - ▣ Moved up last week – message to Copenhagen
- Regulate under Performance Stds.
 - ▣ Exemption of small sources - problematic
- NAAQS possible - difficulty
- Trading Preferred
- Offsets possible

International - Copenhagen

- Big Issues
 - ▣ Binding Targets by Developing Countries
 - ▣ Financial Assistance Transfer
 - Adaptation
 - Other “Losers”
- Anyone’s Guess how will End
 - ▣ New agreement
 - ▣ Framework for moving forward
 - ▣ Role of US

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